

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON

C O N F I D E N T I A L STATE 096453

FOLLOWING TEL SENT SECSTATE WASHDC 16 MAY 73 FROM ACCRA
REPEATED YOU:

QUOTE C O N F I D E N T I A L ACCRA 3037

EO 11652: N/ A

TAGS: EAID, EGEN, GH

SUBJECT: GHANA DEBT

SUMMARY. ON INSTRUCTIONS FROM UK GOVERNMENT, UK HICOM CALLED MEETING OF AMBASSADORS OF CREDITOR COUNTRIES. AMBASSADORS AND/ OR REPS REPRESENTING ITALY, FRANCE, GERMANY, SWITZERLAND (OBSERVER), JAPAN, BELGIUM, NETHERLANDS, UK AND U. S. ATTENDED MEETING. (IBRD REP INVITED BUT HAS NOT RETURNED ACCRA.) PURPOSE OF MEETING WAS TO DISCUSS POINTS TO BE MADE TO GHANA GOVERNMENT IN CONNECTION WITH CREDITOR COUNTRY COMMUNICATION FROM MAY 8-9 LONDON MEETING AND TO ENCOURAGE AS MANY CREDITOR REPRESENTATIVES AS POSSIBLE TO JOIN WITH UK IN THIS EFFORT. END SUMMARY.

1. IN MEETING WITH REPRESENTATIVES OTHER CREDITOR NATIONS IN ACCRA, HICOM STANLEY STATED THAT THE FOLLOWING WERE POINTS UK GOVERNMENT PROPOSED TO MAKE TO GHANA GOVERNMENT AND URGED OTHER CREDITOR COUNTRIES TO MAKE THEM AS WELL.

A) PERSUADE GOG TO ATTEND PARIS MEETING EMPHASIZING THAT
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CREDITORS ARE OPEN MINDED AND DO NOT RULE OUT POSSIBLE CONCESSIONS AND THAT CREDITORS ARE INTERESTED IN FACILITATING EARLY SETTLEMENT. BM REFERENCE TO BE MADE TO MEETING IN PARIS IBRD OFFICE WITH SUGGESTION OF SEPARATE ROOM DISCUSSIONS IF NECESSARY.

B) EMPHASIZE PARA 8 OF CREDITORS' RESPONSE ON PROSPECTS OF NEW AID SUGGESTING THE PRESENTATION BE IN CONTEXT OF GREATLY IMPROVED NET FLOW RESOURCES TO GHANA.

C) STRESS IMPORTANCE OF EARLY ACTION ON PAYMENTS ON ARREARS ON SHORT TERM DEBT AND INVISIBLES, NOTING THAT THIS SHOULD BE PARTICULARLY FEASIBLE OWING TO GHANA'S IMPROVED FOREIGN EXCHANGE POSITION.

2. DISCUSSION FOLLOWED ON BEST WAY TO MAKE THIS APPEAL TO GHANA GOVERNMENT WITH IDEAS RANGING FROM INDIVIDUAL STATEMENTS AS OPPORTUNITIES ARISE TO SUCCESSIVE APPOINTMENTS BY EACH AMBASSADOR WITH MINISTRY FOREIGN AFFAIRS TO INFORMAL TEA PARTY WITH CREDITOR COUNTRY REPS AND SELECTED GHANAIAN OFFICIALS PRESENT DURING WHICH ABOVE POINTS WOULD BE MADE. NO CONCLUSION REACHED AT THIS MEETING THOUGH THERE APPEARED SOME PREFERENCE FOR TEA PARTY TECHNIQUE. MEETING WAS CONCLUDED WITH UK HICOM SUGGESTING GROUP MEET AGAIN WITH THE IBRD REP BEFORE HE PRESENTS CREDITOR COUNTRIES LETTER AND IMMEDIATELY AFTERWARD SO THAT AMBASSADORS KNOW WHAT BANK REPRESENTATIVE INTENDS TO SAY AND SUBSEQUENTLY WHAT HE HAS LEARNED FROM DISCUSSIONS WITH GHANAIAN OFFICIALS. THESE MEETINGS WOULD ALSO BE OCCASION TO REACH CONSENSUS ON BEST WAY FOR CREDITOR COUNTRY REPS THEMSELVES TO MAKE THEIR OWN PRESENTATIONS.

3. COMMENTS. (A) FROM OBSERVATIONS UK HICOM, IT APPEARS UK GOVERNMENT

STILL SEEKING WAY TO BYPASS OR UNDERCUT IBRD ROLE WITH AIM OF PRESSING GHANAIS TO EARLY DIRECT CONFRONTATION WITH CREDITORS. IN SPITE OF GENERAL AGREEMENT AMONG GROUP THAT GHANAIS VERY SENSITIVE ABOUT DIRECT MULTILATERAL CREDITOR MEETING AND THAT THERE REAL QUESTION AS TO GHANAIAN REACTION TO LETTER, UK APPARENTLY INITIATING STRONG PUSH FOR DIRECT GHANAIAN CONFRONTATION WITH CREDITOR GROUP. MISSION UNDERSTANDS THAT UK INSTRUCTIONS RECEIVED HERE ALSO COMMUNICATED TO BRITISH CONFIDENTIAL

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EMBASSIES IN CREDITOR COUNTRIES.

B) ONE OF OUR MAJOR CONCERNS ABOUT THE TACTICS DISCUSSED AT LONDON AND BEING PUSHED HARD BY UK IS THE LIKELIHOOD OF NEGATIVE IMPACT ON GOG OF A COMBINATION OF THREE PRESSURES: AN OBVIOUSLY CONCERTED EFFORT IN ACCRA, ENVISAGED BY THE UK MANEUVER; A

MAJOR DOWN- GRADING OF THE IBRD, WITH WHICH THE GOG HAS SO FAR COOPERATED, RAISING EVEN POSSIBILITY THAT IBRD MIGHT WITHDRAW FROM INTER- MEDIARY ROLE; AND A MAJOR PUSH FOR WHAT GOG COULD WELL CONSIDER AS CONFRONTATION BETWEEN IT AND CREDITORS. NO ONE HAS TWENTY- TWENTY VISION WHEN IT COMES TO FORESIGHT, BUT WE BELIEVE IT POSSIBLE, EVEN PROBABLE, THAT COMBINATION THESE THREE TACTICS MAY WELL LEAD TO OPPOSITE RESULT FROM THAT WHICH WE SEEK. GOG COULD OPT FOR FULL " SELF- RELIANCE" AND NON- SETTLEMENT RATHER THAN SUBMIT TO THESE PRESSURE TACTICS.

C) WE PROPOSE TO MOVE CAREFULLY HERE TO TEST ATMOSPHERE OF BOTH OUR DIPLOMATIC COLLEAGUES AND GHANAIAAN OFFICIALS BEFORE BEING MANEUVERSED INTO AUTOMATIC SUPPORT FOR THE UK TACTIC. WE WOULD ALSO SUGGEST AN INFORMAL RPT INFORMAL SOUNDING OUT OF IBRD ON THIS TACTIC, SINCE ITS ROLE AS INTERMEDIARY HAS BEEN AN EFFECTIVE DEVICE FOR ACHIEVING SUCH PROGRESS AS HAS SO FAR BEEN MADE ON THE DEBT SETTLEMENT. FINALLY, WE KNOW THAT DEPARTMENT WILL KEEP IN MIND FACT THAT FAILURE IN THE DEBT SETTLEMENT NOT ONLY ESTOPS AID BUT ALSO EXPANSION OF COMMERCIAL OPPORTUNITIES THROUGH EX- IM BANK ACTIVITIES. AFTER ALL, BOTH A PROGRAM LOAN AND EX- IM GUARANTEES AND CREDITS ARE POWERFUL FULCRUMS IN EXPANDING OUR COMMERCIAL AND INVESTMENT POSSIBILITIES IN GHANA.

4. WOULD APPRECIATE INFORMATION ON IBRD DELIVERY OF REPLY AND WHETHER SPECIAL REPRESENTATIVE WILL COME ACCRA FOR THAT PURPOSE. HADSEL UNQUOTE RUSH

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